

1 Rafey S. Balabanian (SBN 315962)
2 rbalabanian@edelson.com
3 EDELSON PC
4 123 Townsend Street, Suite 100
5 San Francisco, California 94107
6 Tel: 415.234.9300/Fax: 415.373.9435

7 *Counsel for Interested Party Edelson PC*

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

10
11 In re:

12 GIRARDI KEESE,

13 *Debtor.*

Case No. 2:20-bk-21022-BR

[Chapter 7]

14 **OPPOSITION TO MOTION TO**
15 **APPOINT A GUARDIAN *AD LITEM***

16 Date: February 16, 2021

17 Time: 2:00 p.m.

18 Location: Courtroom 1668

19 Hon. Barry Russell

20 255 East Temple Street,
21 Los Angeles, California 90012

1 Moving under Fed. R. Bankr. P. 1004.1, Interested Party Robert Girardi seeks
2 an order appointing him guardian *ad litem* of the debtor, his brother. (Dkt. 67.) The
3 motion is based on movant's belief that the debtor is currently suffering from short-
4 term memory problems and cannot think rationally about the bankruptcy. The motion
5 should be denied.

6 Bankruptcy Rule 1004.1 provides for the appointment of a representative for
7 the debtor if he is incompetent at the time the petition is filed. *See In re Maes*, 616
8 B.R. 784 (D. Colo. 2020). Whether the debtor is incompetent is to be determined by
9 reference to state law. *See id.* at 797 ("Most bankruptcy courts willing to delve into
10 the issue have engaged in an assessment under state law. ... Courts construing
11 analogous Fed. R. Civ. P. 17(c) also generally apply state law governing
12 incompetency."); *see also Shirley v. Orange County*, No. 19-cv-2078, 2020 WL
13 7861978, at *2 (C.D. Cal. Sept. 25, 2020) ("The standard used to determine the
14 competency of a litigant is taken from the law of the litigant's domicile."). "In
15 California, a party is incompetent if he or she lacks the capacity to understand the
16 nature or consequences of the proceeding, or is unable to assist counsel in the
17 preparation of the case." *Id.* (quoting *Golden Gate Way, LLC v. Stewart*, No. 09-cv-
18 4458, 2012 WL 4482503, at *2 (N.D. Cal. Sept. 28, 2012)). "Federal courts in this
19 circuit have found that a broad range of evidence may inform the court's decision"
20 whether a litigant is incompetent. *AT&T Mobility, LLC v. Yeager*, 143 F. Supp. 3d
21 1042, 1050 (E.D. Cal. 2015).

22 Evidence of Mr. Girardi's conduct over the last several months makes clear
23 that he is not incompetent. In mid-October of 2020, for instance, Mr. Girardi sat for
24 an interview, which is available at Daniel Forouzan, *Tom Girardi - Schmoozin' with*
25 *Forouzan* (Oct. 24, 2020), [https://www.youtube.com/watch?v=nluZO-](https://www.youtube.com/watch?v=nluZO-BCiFQ&ab_channel=DanielForouzan)
26 [BCiFQ&ab_channel=DanielForouzan](https://www.youtube.com/watch?v=nluZO-BCiFQ&ab_channel=DanielForouzan). In this one-hour interview, the debtor
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1 discussed cogently and in detail several matters, for instance:

- 2 • A recent trial victory (starting at 00:45)
- 3 • His relationship with one of his earliest clients (starting at 2:10)
- 4 • Strategy for jury selection (starting at 6:00)
- 5 • How to deal with nervousness (starting at 19:09)
- 6 • How to alter trial strategy based on the reactions of jury members (starting at
- 7 21:36)
- 8 • Whether and how to use jury consultants (starting at 37:22)
- 9 • The use of demonstrative exhibits at trial (starting at 40:22)

10 As the Court can observe from the video, Mr. Girardi has a command of the facts,
11 and can remember events from both the recent and distant past. Moreover, Mr.
12 Girardi's fluency with litigation matters undermines the movant's contention that Mr.
13 Girardi is unable to appreciate the bankruptcy proceeding or assist lawyers.

14 Thomas Girardi also spoke at a panel on November 21, 2020, for the Consumer
15 Attorneys of California, on the topic of Strategies for Cross-Examination of Defense
16 Experts. *See* Schedule, 2020 CAOC Annual Convention, [https://caoc-](https://caoc-convention.com/caoc-schedule)
17 [convention.com/caoc-schedule](https://caoc-convention.com/caoc-schedule). The undersigned is informed that his presentation is
18 in the same vein as the above-referenced video: cogent, detailed, and with good
19 command of the facts and his surroundings. (Video of the conference is available
20 only to conference attendees. Should the Court wish to observe Mr. Girardi's
21 presentation to ascertain for itself whether he might be incompetent, we have every
22 reason to believe the conference would comply with an order from this Court.)

23 Mr. Girardi was also signing legal papers and swearing out declarations under
24 his own name at least as late as November 30, 2020. *See* Declaration of Thomas V.
25 Girardi, *Selberg v. Girardi, et al.*, No. 20STCV41541 (L.A. Sup. Ct. Nov. 30, 2020).
26 And the undersigned was working with Mr. Girardi as co-counsel in a matter in
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1 federal court in Chicago and has found him to be aware of his conduct and its
2 consequences over the last several months. (*See* Declaration of Rafey Balabanian,
3 Attached as Exhibit A, ¶¶ 4-5.) The relationship soured when it became clear that Mr.
4 Girardi had misused client funds, but the undersigned's communications with Mr.
5 Girardi during that time demonstrated that Mr. Girardi understood what he was doing,
6 that he needed to keep his co-counsel in the dark, and how he might accomplish that.
7 (*Id.*) His ability to further this deception is flatly inconsistent with the claim that he is
8 unable to understand this bankruptcy. In fact, it does not appear that anyone believed
9 that the Mr. Girardi's competence might be an issue at all until he and his firm were
10 forced to answer allegations that he had embezzled or otherwise misused client funds
11 in connection with that lawsuit. (*Id.* ¶ 6.)

12 The motion to appoint Robert Girardi as guardian *ad litem* puts forth very little
13 contrary evidence. The movant's declaration provides scant detail about the debtor's
14 mental condition. The statements the movant does make, for instance that the debtor
15 appears to have short-term memory problems or think rationally about the
16 bankruptcy, are general, and sorely lacking in specifics. The declaration is not
17 supported with any medical documentation, or any other evidence by which the Court
18 could corroborate the movant's bare assertions about the debtor's mental state.
19 Moreover, the statements in the declaration are completely at odds with the debtor's
20 public conduct over the last two months. They should not persuade the Court.

21 It would also appear that the movant has petitioned the state probate court to be
22 appointed conservator of the debtor's estate (presumably on the same grounds
23 articulated in the present motion), and to have the petition considered on an
24 expediated basis. (Dkt. 67, Girardi Declaration, ¶ 10.) As the foregoing shows, that
25 petition is unlikely to be granted. In any event, it is, at the very least, prudent to let
26 the state process play out, rather than prematurely appointing a guardian *ad litem*
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1 here. The probate court has special expertise adjudicating such petitions, whereas
2 competence adjudications are relatively rare in bankruptcy court. *See In re Sniff*, No.
3 15-8086, 2015 WL 7351477, at *3 (Bankr. D. Colo. Oct. 6, 2015) (“Incompetency
4 determinations are not a common exercise of bankruptcy courts.”); *In re Petrano*, No.
5 13-10052, 2013 WL 6503672, at *2 (Bankr. N.D. Fla. Apr. 16, 2013) (“This Court
6 has found no statutory authority for making an initial finding or determination of
7 whether or not a debtor may be ‘incompetent.’ Bankruptcy courts are not designed or
8 equipped to make such determinations.”). Some bankruptcy courts faced with similar
9 requests have opted to defer to state court process. *See Petrano*, 2013 WL 6503672,
10 at *4. Other courts have only labeled debtors incompetent with the benefit of such a
11 state court determination, or in otherwise extreme circumstances. *See In re*
12 *Whitehead*, No. 05-50136, 2005 WL 1819399, at *2 (Bankr. M.D.N.C. July 22, 2005)
13 (“accept[ing] the findings” of a state court that the debtor was incompetent); *In re*
14 *Moss*, 239 B.R. 537, 541 (Bankr. W.D. Mo. 1999) (following district court finding
15 that debtor was unable to understand the circumstances of her criminal trial).

16 Given the significant consequences of a finding of incompetence, the Court
17 should endeavor to avoid inconsistent rulings with the state court on the issue. And
18 given the state court’s special expertise and fact-finding power, it makes sense to
19 defer to that proceeding. The probate court petition will trigger an investigation into
20 the debtor’s ability to handle his own affairs. *See* Cal. Probate Code § 1826. If the
21 state court concludes that appointment of Robert Girardi as conservator is
22 appropriate, he will then have the ability to act on behalf of the debtor with respect to
23 his financial affairs, including as the movant points out, to hire lawyers in this
24 bankruptcy process, and no harm will be done. But if the Court appoints a guardian
25 here, and the state court later determines that the debtor is able to direct his own
26 financial affairs, it would significantly disrupt this proceeding.

1 Therefore, the Court should deny the motion to appoint Robert Girardi as
2 guardian *ad litem* in this case. The movant is advised that any reply to this response
3 must be filed and served no later than 7 days prior to the hearing on the motion. *See*
4 Local Bankruptcy Rule 9013-1(f)(2).

5
6 Respectfully submitted,

7 EDELSON PC,

8
9 Dated: January 19, 2021

By: /s/ Rafey. S. Balabanian

10 Rafey S. Balabanian (SBN 315962)
11 rbalabanian@edelson.com
12 EDELSON PC
13 123 Townsend Street, Suite 100
14 San Francisco, California 94107
15 Tel: 415.234.9300/Fax: 415.373.9435
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Exhibit A

1 Rafey S. Balabanian (SBN 315962)
2 rbalabanian@edelson.com
3 EDELSON PC
4 123 Townsend Street, Suite 100
5 San Francisco, California 94107
6 Tel: 415.234.9300/Fax: 415.373.9435

7 *Counsel for Interested Party Edelson PC*

8 **UNITED STATES BANKRUPTCY COURT**
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11 In re:

12 GIRARDI KEESE,

13 *Debtor.*

Case No. 2:20-bk-21022-BR

[Chapter 7]

14 **DECLARATION OF RAFEY S.**
15 **BALABANIAN**

16 Date: February 16, 2021

17 Time: 2:00 p.m.

18 Location: Courtroom 1668

19 Hon. Barry Russell

20 255 East Temple Street,
21 Los Angeles, California 90012

1 I, Rafey S. Balabanian, declare as follows:

2 1. I am Managing Partner at Edelson PC, and admitted to practice in
3 California and Illinois. This declaration is based on my personal knowledge, unless
4 otherwise indicated. If called upon to testify as to the matters attested to herein, I
5 could and would competently do so.

6 2. My firm was co-counsel with the debtor's firm, Girardi Keese,
7 representing several clients in the matter of *In re Lion Air Flight 610*, No. 18-cv-
8 7686, in the United States District Court for the Northern District of Illinois.

9 3. In March of last year, after we reached settlements on behalf of our
10 clients, we became concerned that although the defendant had funded the settlement,
11 Mr. Girardi and his firm had not disbursed the funds to our clients. Ultimately, we
12 were forced to move the court for an order to show cause why Mr. Girardi and his
13 firm should not be held in contempt, which we did on December 2, 2020.

14 4. In hindsight, it became clear to us that Mr. Girardi was engaged in a
15 sophisticated scheme to use client funds for improper purposes, such as to pay off his
16 own creditors. His communications with us in the months before we filed our show
17 cause motion were calculated to further that scheme. He regularly demonstrated a
18 command of the facts, and when we inquired about when our clients would receive
19 their settlement monies, he regularly provided enough assurances to convince us that
20 more drastic action was unnecessary, but remained general enough to avoid
21 committing himself to any course of action. I take from these conversations that Mr.
22 Girardi was well aware of what he was doing, and that it was wrong.

23 5. After we filed our motion, Mr. Girardi continued to contact the firm, in
24 an apparent effort to resolve the matter without a contempt proceeding. The
25 communications, which occurred in December 2020, further showed that Mr. Girardi
26 understood the nature and consequences of his actions, and continued to demonstrate
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1 a command of the facts of the litigation. For instance, when questioned he knew
2 exactly how much each client was owed. And he continued to offer excuses for why
3 the clients hadn't been paid that were obviously a farce, but not fantastical or
4 disconnected from reality. During one call, we made clear to Mr. Girardi that we
5 believed he had lied to us, and he abruptly ended the call. My impression was that he
6 understood that he could no longer string us along, and he responded accordingly.

7 6. During this time I also had discussions with some of Mr. Girardi's law
8 partners. Consistent with my impressions, no one raised the possibility that Mr.
9 Girardi might be suffering from any issues that would prevent him from
10 understanding the litigation or anything else. In fact, to my knowledge, this
11 possibility was not raised until Mr. Girardi hired counsel and was faced with the
12 possibility of criminal charges for his conduct.

13 I declare under penalty of perjury under the laws of the State of California that
14 the foregoing is true and correct and that this Declaration was executed on this 15th
15 day of January, 2021, in Highlands Ranch, Colorado.

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
12 Townsend Street, San Francisco, CA 94107

A true and correct copy of the foregoing document entitled (*specify*): Opposition to Motion to Appoint a Guardian ad Litem; Declaration of Rafey S. Balabanian

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 01/19/2021, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) 01/19/2021, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) 01/19/2021, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

01/19/2021 Austin T. Prather
Date Printed Name

/s/ Austin T. Prather
Signature

Notice will electronically be mailed to:

Richard D Buckley on behalf of Interested Party L.A. Arena Funding, LLC
richard.buckley@arentfox.com

Marie E Christiansen on behalf of Creditor KCC Class Action Services, LLC
mchristiansen@vedderprice.com, ecfladocket@vedderprice.com, marie-christiansen-4166@ecf.pacerpro.com

Jennifer Witherell Crastz on behalf of Creditor Wells Fargo Vendor Financial Services, Inc.
jcrastz@hrhlaw.com

Ashleigh A Danker on behalf of Interested Party Courtesy NEF
Ashleigh.danker@dinsmore.com, SDCMLFiles@DINSMORE.COM,
Katrice.ortiz@dinsmore.com

Clifford S Davidson on behalf of Creditor California Attorney Lending II, Inc.
csdavidson@swlaw.com, jlanglois@swlaw.com, cliff-davidson-7586@ecf.pacerpro.com

Lei Lei Wang Ekvall on behalf of Interested Party Courtesy NEF
lekvall@swelawfirm.com, lgarrett@swelawfirm.com, gcruz@swelawfirm.com,
jchung@swelawfirm.com

Lei Lei Wang Ekvall on behalf of Trustee Elissa Miller (TR)
lekvall@swelawfirm.com, lgarrett@swelawfirm.com, gcruz@swelawfirm.com,
jchung@swelawfirm.com

Richard W Esterkin on behalf of Interested Party Courtesy NEF
richard.esterkin@morganlewis.com

Timothy W Evanston on behalf of Interested Party Courtesy NEF
tevanston@swelawfirm.com, gcruz@swelawfirm.com, lgarrett@swelawfirm.com,
jchung@swelawfirm.com

Eric D Goldberg on behalf of Creditor Stillwell Madison, LLC
eric.goldberg@dlapiper.com, eric-goldberg-1103@ecf.pacerpro.com

Andrew Goodman on behalf of Attorney William F Savino
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor Erika Saldana
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor Jill O'Callahan
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor John Abassian
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor Kimberly Archie
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor Robert M. Keese
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Andrew Goodman on behalf of Petitioning Creditor Virginia Antonio
agoodman@andyglaw.com, Goodman.AndrewR102467@notify.bestcase.com

Steven T Gubner on behalf of Interested Party Courtesy NEF
sgubner@bg.law, ecf@bg.law

Marshall J Hogan on behalf of Creditor California Attorney Lending II, Inc.
mhogan@swlaw.com, knestuk@swlaw.com

Razmig Izakelian on behalf of Creditor Frantz Law Group, APLC
razmigizakelian@quinnemanuel.com

Lewis R Landau on behalf of Creditor Virage SPV 1, LLC
Lew@Landaunet.com

Lewis R Landau on behalf of Interested Party Courtesy NEF
Lew@Landaunet.com

Daniel A Lev on behalf of Interested Party Courtesy NEF
dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com, dlev@ecf.inforuptcy.com

Peter J Mastan on behalf of Interested Party Courtesy NEF
peter.mastan@dinsmore.com, SDCMLFiles@dinsmore.com;Katrice.ortiz@dinsmore.com

Edith R Matthai on behalf of Interested Party Courtesy NEF
ematthai@romalaw.com

Kenneth Miller on behalf of Interested Party Courtesy NEF
kmiller@pmcos.com, efilings@pmcos.com

Elissa Miller (TR)
CA71@ecfcbis.com, MillerTrustee@Sulmeyerlaw.com, C124@ecfcbis.com,
ccaldwell@sulmeyerlaw.com

Eric A Mitnick on behalf of Interested Party Courtesy NEF
MitnickLaw@aol.com, mitnicklaw@gmail.com

Scott H Olson on behalf of Creditor KCC Class Action Services, LLC
solson@vedderprice.com, scott-olson-2161@ecf.pacerpro.com, ecfsfdocket@vedderprice.com,
nortega@vedderprice.com

Leonard Pena on behalf of Interested Party Robert Girardi
lpena@penalaw.com, penasomaecf@gmail.com, penalr72746@notify.bestcase.com

Michael J Quinn on behalf of Creditor KCC Class Action Services, LLC
mquinn@vedderprice.com, ecfladocket@vedderprice.com, michael-quinn-
2870@ecf.pacerpro.com

Ronald N Richards on behalf of Interested Party Courtesy NEF
ron@ronaldrichards.com, morani@ronaldrichards.com, justin@ronaldrichards.com

Philip E Strok on behalf of Interested Party Courtesy NEF
pstrok@swelawfirm.com, gcruz@swelawfirm.com, lgarrett@swelawfirm.com,
jchung@swelawfirm.com

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov

Eric D Winston on behalf of Creditor Frantz Law Group, APLC
ericwinston@quinnemanuel.com

Christopher K.S. Wong on behalf of Interested Party L.A. Arena Funding, LLC
christopher.wong@arentfox.com, yvonne.li@arentfox.com

Timothy J Yoo on behalf of Interested Party Courtesy NEF
tjy@lnbyb.com

Notice will be mailed to:

Debtor
Girardi Keese
1126 Wilshire Blvd
Los Angeles, CA 90017-1904

Jill O'Callahan
1437 Club View Drive
Los Angeles, CA 90024-5305

Robert M. Keese
22982 Rosemont Court
Murrieta, CA 92562-3075

Wells Fargo Vendor Financial Services, Inc.
c/o Hemar, Rousso & Heald, LLP
15910 Ventura Blvd., 12th Floor
Encino, CA 91436-2802

John Abassian
6403 Van Nuys Boulevard
Van Nuys, CA 91401-1437

Virginia Antonio
20413 Via Navarra
Yorba Linda, CA 92886-3065

Erika Saldana
1757 Riverside Drive
Glendale, CA 91201-2856

Kimberly Archie
15210 Ventura Boulevard Suite 307
Sherman Oaks, CA 91403-3841

Robert Girardi
402 South Marengo Ave. Suite B
Pasadena, CA 91101-3113